

## Message Text

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PAGE 01 GENEVA 03647 081610Z  
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CIAE-00  
COME-00 INR-10 LAB-04 NSAE-00 SP-02 STR-07  
TRSE-00 FRB-03 OMB-01 L-03 /052 W  
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P 081558Z MAR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 6926  
CINCPAC HONOLULU HI PRIORITY

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CINCPAC PASS MINISTER MICHAEL SMITH, TEXTILE DELEGATES

PASS STR ELECTRONICALLY FOR MIKE SMITH

E.O. 11652: N/A  
TAGS: ETRD, GATT  
SUBJECT: TEXTILES: SEVEN-PLUS-SEVEN MEETING, MARCH 8

REF: SHEPHERD-PHELAN TELECON, MARCH 3

1. SEVEN-PLUS-SEVEN MEETING TODAY, CALLED UNEXPECTEDLY BY TC CHAIRMAN LONG ON AFTERNOON MARCH 3, WAS CLEARLY PREMATURE AND ALMOST A NON-STARTER.
  2. LONG OPENED MEETING WITH A RATHER LENGTHY MONOLOGUE ON THE HIGH RESPONSIBILITIES OF THE TSB, THE IMPORTANCE OF ITS WORK AND THE NEED FOR MEMBERS TO BE DILIGENT IN MEETING THEIR RESPONSIBILITIES TO ALL MFA PARTICIPANTS. HE NOTED THE OPERATIONAL DISADVANTAGES OF THE QUADRI-PARTITE SEAT AND SUGGESTED THAT THE TC SHOULD CONSIDER MAKING IT A BIPARTITE SEAT; THIS WITHOUT MENTIONING ANY COUNTRY OR COUNTRIES AS OCCUPANTS. LONG CONCLUDED BY SUGGESTING NEXT SEVEN-PLUS-SEVEN FOR MARCH 29 AND TC
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PAGE 02 GENEVA 03647 081610Z

FOR APRIL 3. LONG'S REQUEST FOR COMMENTS WAS GREETED BY TOTAL SILENCE FOR ALMOST FIVE MINUTES.

3. EC REP KLARIC ASKED FOR FLOOR AND SAID EC COULD TENTATIVELY AGREE TO DATES SUGGESTED BY CHAIRMAN BUT, IN LIGHT OF EC'S NEED COMPLETE PRIOR NECESSARY BILATERAL AND MULTILATERAL CONSULTATIONS, APRIL 3 DATE MIGHT BE

"A WEEK TOO EARLY FOR EC." WOULD GIVE POSITIVE RESPONSE NEXT WEEK. KLARIC THEN PROCEEDED TO RAISE ISSUE WHICH EVERYBODY HAD HOPED WOULD NOT BE RAISED AT THIS MEETING. SAID EC WOULD AGREE TO CONVERTING QUADRIPARTITE SEAT TO BIPARTITE PROVIDING ONE IMPORTING COUNTRY WAS REPRESENTED. KLARIC WENT ON TO ARGUE RATHER VAGUELY THAT THERE WAS CRYING NEED FOR "INTELLECTUAL AND PHILOSOPHICAL BALANCE" WHICH COULD ONLY BE ACHIEVED BY PARTICIPATION IMPORTING COUNTRY REP IN BIPARTITE SEAT.

4. HONG KONG REP TSAO THEN INTERVENED TO POINT OUT THAT IT WAS GENERALLY UNDERSTOOD THAT THERE WERE ALREADY FOUR IMPORTING COUNTRY SEATS, THAT KLARIC'S PROPOSAL AMOUNTED TO FOUR AND A HALF IMPORTING COUNTRY SEATS AND THREE AND A HALF EXPORTING COUNTRY SEATS AND THAT IN THE VIEW OF EXPORTING COUNTRIES THIS DID NOT AMOUNT TO BALANCE EITHER PHYSICAL, INTELLECTUAL OR PHILOSOPHICAL.

5. U.S. REP, IN LIGHT VEIN, INTERVENED TO NOTE APPARENT DIFFICULTY EC AND HONG KONG REPS WERE HAVING WITH ELEMENTARY ARITHMETIC; I.E., COUNTING TO EIGHT, AND EXPRESSED HOPE THAT THEY COULD COME UP WITH SAME ANSWER BEFORE NEXT TC. U.S. REP SAID U.S. COULD ACCEPT MARCH 29 AND APRIL 3 DATES FOR UPCOMING MEETING.

6. NORWEGIAN REP (SELMER), SPEAKING FOR NORDICS, SAID LIMITED OFFICIAL USE

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PAGE 03 GENEVA 03647 081610Z

THAT THEIR POSITION EVOLVING FROM STOCKHOLM MEETING YESTERDAY WAS THAT THEIR ACCEPTANCE MFA "DEPENDS ON THEIR BEING REPRESENTED ON THE TSB AS IN THE PAST" AND TO A LESSER EXTENT ON THE OUTCOME OF THEIR BILATERAL NEGOTIATIONS. THIS INTERVENTION CONCLUDED THE THIRTY-MINUTE MEETING.

7. FOLLOWING MEETING, U.S. REP NOTICED NORDIC REP (SELMER) AND CANADIAN REP MARTIN IN HEATED CONVERSATION AND CONCLUDES NORDIC-CANADIAN DISPUTE ON TSB SEAT OCCUPANCY IS DEFINITELY NOT RESOLVED. U.S. REP HAS REASON BELIEVE EC REPS ARE PLAYING (AS USUAL) DOUBLE GAME WITH CANADIANS AND NORDICS. THE CANADA-NORDIC PROBLEM AND THE QUADRI-PARTITE SEAT PROBLEM CAN, ACCORDING EC, BE RESOLVED HAPPILY FOR EC, CANADA AND NORDICS BY PLACEMENT OF CANADA IN NEW BIPARTITE SEAT. ONLY PROBLEM WITH THIS IS THAT EXPORTERS WILL NEVER ACCEPT IT AND THAT, FACED WITH REJECTION BY LDC EXPORTERS, EC WILL BE FORCED INTO CONFLICT WITH JAPAN BY ARGUING THAT JAPAN IS NOT, IN INTELLECTUAL AND PHILOSOPHICAL TERMS, AN IMPORTING COUNTRY AND THEREFORE HAS NO RIGHT TO AN IMPORTING COUNTRY SEAT.

8. IN U.S. REP'S VIEW, IT IS ESSENTIAL THAT EC, JAPAN  
AND U.S. REACH A COMMON UNDERSTANDING IN UPCOMING SAN  
FRANCISCO MEETINGS ON MUTUALLY ACCEPTABLE RESOLUTION  
THESE SEATING ISSUES. IF WE DO NOT, THERE EXISTS A REAL  
RISK OF OPEN CONFLICT IN UPCOMING TC. EC AND SOME EXPORT-  
ING COUNTRIES ARE DISSATISFIED WITH TERADA'S POOR TSB  
ATTENDANCE RECORD AND LESS THAN BRILLIANT PERFORMANCE  
WHEN HE DOES ATTEND. AT SAME TIME, LDC EXPORTERS ARE  
OUTRAGED BY WHAT THEY SEE AS TRANSPARENT ATTEMPT BY EC  
TO "RIG THE JURY." SORENSON

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